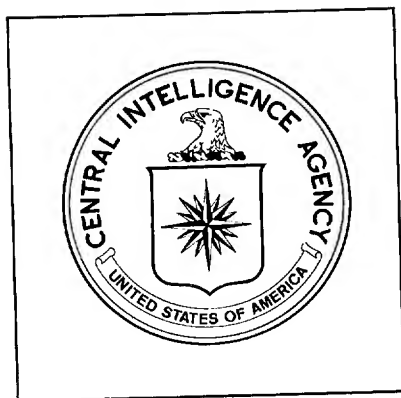


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MIDDLE EAST – AFRICA – SOUTH ASIA

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25X1D

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Mauritania

Growing North Korean Influence

Mauritania is applying mass organization and propaganda techniques learned from North Korean officials in Nouakchott in an effort to broaden support for the government and the country's only political party.

25X1C [REDACTED] North Korean influence on Mauritanian internal affairs has increased significantly in recent months and they advised Mauritanian Peoples Party (PPM) officials on how to prepare for the recently concluded party congress. Large scale campaigns were conducted to generate support for the party from all local factions, such as students, labor unions, women organizations, and religious leaders, a practice heretofore uncharacteristic of Mauritanian politics.

Preparation for Mauritania's 15th anniversary celebration of independence on November 28 also reflects North Korean influence. Reportedly, student groups are being trained by North Korean instructors to stage mass rallies to stimulate enthusiasm for the government. Precision drills and group exercises also are being introduced into the party lexicon by the Koreans to create a disciplined and militant cadre.

2 President Ould DadGah's interest in North Korea's techniques apparently stems from his efforts to increase party controls at all levels in order to ensure adherence to the guidelines he laid down last August for the implementation of "Islamic socialism."

1 Mauritanian party officials reportedly have been impressed by the North Koreans' argument that unless the party in power in a one party state demands total support, another element of society could emerge and draw the enthusiasm of the people away from the party. (SECRET NOFORN)

[REDACTED]

25X1A

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India

Rupee's Tie to Sterling Broken

New Delhi broke the rupee's traditional tie with the British pound on September 25. Henceforth the rupee-sterling rate will be adjusted on the basis of fluctuations among the values of a group of major international currencies. The composition of the group has not been announced, but it probably includes the dollar, pound, yen and mark.

1/2/3
India had become increasingly concerned as the pound depreciated relative to other major currencies, dragging the rupee with it. The change is intended to help curtail inflation and promote more stability in the rupee exchange rates for currencies such as the dollar, yen, and mark, which are used for over 35 percent of India's foreign trade. The immediate result--a 1.6 percent revaluation of the rupee against sterling--will have little impact on India's economy. This change is a technical adjustment to floating international exchange rates and does not indicate a shift in Indian economic policy.

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Under the new system, the Reserve Bank of India will calculate daily the value of sterling relative to a group of major currencies weighted according to their importance in India's trade. When the value of sterling relative to the group changes by more than 2.25 percent, the rupee-sterling exchange rate will be adjusted. The exchange rates with other currencies--such as the dollar--will be determined via the London market rates for sterling against those currencies. This system permits major changes in the relative value of any major currency to alter the sterling value of the rupee, but a sharp depreciation of the pound would have less effect on Indian transactions with non-sterling areas than under the old system.
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